

# Buying a Car

## INCLUDING TIPS ON RUST INHIBITION

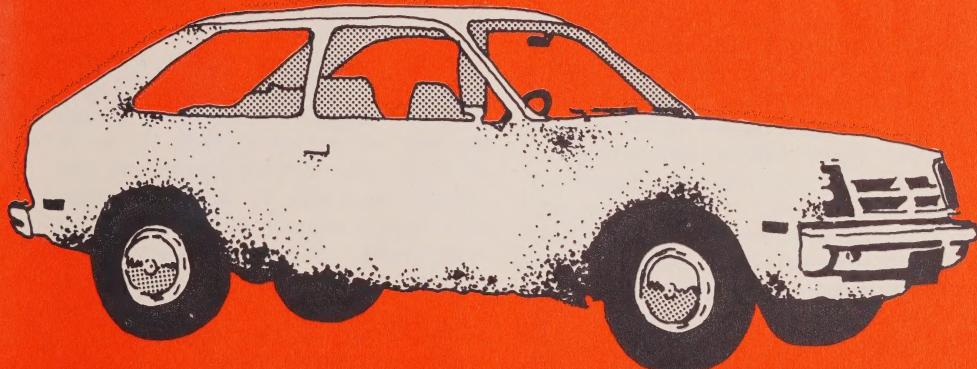


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## BUYING A CAR

People buy cars for many reasons, but one thing they have in common is that no one wants a car purchase to turn into a source of disappointment and unexpected expense.

The motor vehicle dealer section of the Ontario Ministry of Consumer and Commercial Relations, which registers motor vehicle dealers and salesmen in the province, offers the following suggestions based on many years of experience gained in settling complaints and investigating activities.

If you follow these guides, you will probably be able to narrow your car-buying worries down to the time period when they are most productive—before you buy.



## **“What can I do, before buying, to increase my chances of finding a good car at a reasonable price?”**

Your choice of dealer can make a big difference in avoiding problems both during and after purchase. Take time to check out potential dealers carefully—talk to friends and associates who have personally done business with a dealer.

There are also good reasons to resist high pressure sales techniques. If you are not sure about the car or the price, don't let yourself be forced into it without doing some comparative shopping.

### **“Are there any special precautions to take when buying a used car?”**

A careful examination of a used car *in the daylight* is a must. Check for excessive wear and body damage. You should also insist on a road test that allows driving at different speeds on roads of various conditions.

Don't let yourself be blinded by the reputation of a particular make or model of car. Even a well-made new car can deteriorate mechanically over the years because of improper maintenance or downright neglect. Such a car could end up turning into a serious financial drain if repairs are constantly necessary.

Also, watch out for the following symptoms—they may mean trouble:

- steering that pulls the car to one side (possible alignment problems);
- squealing brakes under normal operation (excessive wear or improper adjustment);
- blue smoke coming from tail pipe(s) (may mean costly engine repairs are required);
- lack of control during cornering at normal speeds or an excessively bouncy ride (possible steering linkage problems and/or worn-out shock absorbers);

□ any other obvious defects such as engine knocking, lurching or hesitation, vibrating, shimmying, or malfunctioning controls, lights and signals.

### **“I've seen some cars advertised as ‘without certification’. What does that mean?”**

To help ensure that certain safety and mechanical problems do not exist, a *Safety Standards Certificate* must be given upon delivery of every\* used car in Ontario. Make sure you have this certificate, for the vehicle cannot be transferred into your name unless this is produced at the time of transfer. Also, the certificate cannot be dated more than thirty days prior to delivery.

\*The only time that a certificate is not required is when a used vehicle is sold without licence plates. In such cases, the seller must give you an *Unfit Motor Vehicle Permit* at the time of delivery. Make sure that you know in advance whether the vehicle is to be delivered with a *Safety Standards Certificate* or not. Vehicles delivered with an *Unfit Motor Vehicle Permit* may not be driven—nor can licence plates be obtained—until a *Safety Standards Certificate* has been obtained from a duly licenced *Motor Vehicle Inspection Station*. This certificate must contain the signature of the licenced motor vehicle mechanic and be counter-signed by the licensee of the inspection station. It is best to make sure that the inspection is performed and the certificate issued by a person licenced to carry out such inspections.

If the seller promises to deliver the vehicle with the *Safety Standards Certificate*, make sure that you have this promise in writing. If the vehicle is purchased from a dealer in motor vehicles, this written promise should be shown in the face of the contract. Make sure that the agreed-upon price for the vehicle includes the cost of performing the inspection. Otherwise,

you may be required to pay for the repairs required for the issuance of the *Safety Standards Certificate*.

Unless you have a firm estimate of the cost of repairing an *unfit* car from a certified mechanic of your choice, it isn't a good idea to buy such a vehicle with plans to have it brought up to *Safety Standards Certificate* condition. Without the firm estimate from a mechanic you trust, you might find that your newly purchased *unfit* car could be prohibitively expensive to have certified.

#### **"I've always heard that it is risky buying a car privately—what exactly should I watch out for?"**

Unlike the registered dealer, a person making a private sale has neither a licence to lose or a business reputation to protect. Car buyers should therefore be especially careful when contemplating a private purchase.

In some cases, the private seller may be posing as a "front" for a dealer who doesn't want to be responsible for selling the car. To guard against this, check the automobile's registration with the Ontario Ministry of Transportation and Communications, Vehicles Branch, fourth floor, Ferguson Block, Queen's Park, Toronto, M7A 2A2. This will provide the identity of the previous owner. The fee for this service is \$3.00. A phone call to the previous owner may assist you in assessing condition and mileage.

In some cases the private seller may be deliberately—or even unwittingly—selling a car that is subject to a security interest. For example, the seller may have purchased the car "on time" or a previous owner might have purchased the car on time without the knowledge of the current seller. The car might also have been used as collateral for a loan by the seller or by a previous owner.

#### **"How do I ensure that there are no financial encumbrances against the car I intend to purchase?"**

If you want to avoid waking up to the sound of a tow truck hitching up to your recent purchase, check for liens or security interests on the car before buying.

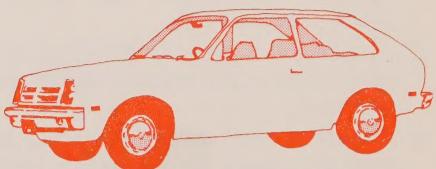
A garage may hold a lien against the car for unpaid repairs or the seller may not even be the legal owner.

Refuse to buy if the vendor will not provide a signed statement that guarantees there are no liens against the car.

If the car is new and you are buying from a recognized car dealer, you probably don't have to worry too much, provided you have the written guarantee and are confident your dealer will honour the guarantee.

If the car is used and you are buying it from a recognized car dealer, you probably still do not have to worry too much. This time however, obtain not only the written guarantee that the car is free of security interests; also obtain a written guarantee that if an undisclosed security interest does become known the dealer will protect you. If you are confident your dealer will honour the guarantees, you can rest reasonably sure.

If the car is used and you are buying it privately, i.e., from someone who is not a dealer, then you run a very substantial risk that the car may be subject to security interests. To reduce this risk to a minimum, go to the branch registry office of the personal



property security registry system nearest you. These offices are located in the land registry office of each county or district town. Here you will be put in telephone contact with an enquiry operator who will enter your search into a central computer file.

Check the system for liens on the vehicle in the name of the owner (also check previous owners—the first given name and surname are required) and by the serial number. Ensure that the car's serial number matches the number on the registration certificate. There is a fee of \$2.00 for each check.

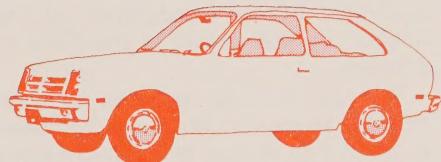
If the seller has a common name you should ask for a specific check. You will need the seller's date of birth and the initial of his second given name, if any.

For additional information on the personal property security registration system, pick up a vehicle enquiry guide at any branch office of the personal property security registration system or write to the registrar at the central office: 400 University Ave., 15th floor, Toronto, Ontario, M7A 2J5. Enclose a self-addressed envelope (minimum size 10" x 14") stamped with 25¢ postage.

**"Everyone always tells you to read contracts carefully before you sign, but I don't really understand all the legal terms that are on a contract when I do read it. Are there any special conditions or 'fine print' to watch for in an automobile contract?"**

Even when you take the time to read all documents before signing them, this is of little help if you really don't understand what you read or are unable to differentiate between those conditions that are standard and accepted and those that may be unusual or unfair.

It will probably be helpful, therefore, to explain some of the things that you should look for before you sign a purchase order for a new or used car.



### **Offer to purchase**

The normal document that an automobile dealer asks you to sign to finalize a deal is actually an offer, on your part, to purchase whatever merchandise is described on the document, for the price that is set out. The dealer acknowledges acceptance of your offer by signing the document as well, and not until both signatures are on the document does it become legally binding.

You should not pay a deposit unless you are sure you wish to complete the transaction. Your deposit may be forfeited if, after acceptance of the signed offer, you fail to take delivery.

You should check carefully that items such as guarantees, warranties and any repairs or changes which have been promised are put *in writing* on the purchase order. Make especially sure that any manufacturers' warranties that are mentioned actually do apply in the particular circumstances and that any other guarantees are written down. It is unlawful for a contract to exclude warranties of fitness and merchantability.

## Trade-in

For many people, the trade-in will be an important part of the overall transaction. It therefore makes good sense to be sure that you understand the dealer's terms completely.

If you are comparison shopping, remember that a lower purchase price for a car may be more than offset by a lower trade-in allowance—it's the difference that counts.

Even when the value of the trade-in is stated in the offer to purchase there may be a term or condition in the contract that allows re-appraisal of the trade-in by the dealer at the time of delivery.

The decision as to when to hand over the trade-in is up to you, but keep in mind that it may be sold once the dealer has possession of the trade-in and the signed vehicle permit.

## Cost of credit

Under The Consumer Protection Act, the dealer must disclose all credit finance charges on the face of the contract. The charges should be shown in *dollars and cents* and also expressed as an annual percentage rate. You should also insist on being shown the number of payments as well as the amount of each payment.

## Insurance transfer

If you're trading in a car that's insured, get your insurance agent to arrange a transfer so that you will be covered when you take possession.

A dealer who finances the car may volunteer to arrange insurance but only obtain collision coverage. Make sure you are insured for public liability as well.

Do not rely on the unsatisfied judgment fund. It is not insurance.

## Odometer reading (mileage)

All motor vehicle dealers are required to disclose the current odometer reading on the sales order—before

you sign it—if you are buying a used car. If you suspect the reading has been altered, ask the dealer to show you the previous purchase agreement which is also required to show the recorded mileage. If the mileage on the two documents is similar, it indicates that the selling dealer has not changed the odometer reading.

## "If something does seem unfair about the deal, who can I turn to for help?"

For further information, contact the Registrar of Motor Vehicle Dealers of the Ontario Ministry of Consumer and Commercial Relations, 555 Yonge Street, Toronto, Ontario.

Remember: Don't start shopping for a car unless you are seriously interested in buying. Never buy beyond your ability to pay and never enter into a contract if you have already signed one unless the first has been cancelled and destroyed.

Never sign a contract unless it is completed.

## Purchase Order Check List

### NEW CAR:

Year.

Make.

Model.

Body Style.

Serial Number (if known).

Colour (exterior and interior).

Manufacturer's suggested retail list price of vehicle.

Manufacturer's suggested retail list price of each option (an option is defined as any piece of equipment which is not listed as standard equipment on the manufacturer's brochure).

Discount (if any).

Provincial vehicle licence.

Allowance for trade-in.

Difference between total list price and allowance and/or discount.

Provincial Sales Tax.

Total Balance.

Description of trade-in (including licence, serial, mileage and options).

Date of delivery (day, month, year).

Terms of payment (including interest rate and total cost).

### USED CAR:

Year.

Make.

Model.

Body Style.

Licence Number.

Serial Number.

Colour.

Options (to include those options already on the vehicle and any additions to be installed by the dealer before delivery).

Mileage (on the odometer at the time of the offer of purchase).

Date of delivery (day, month, year).

Dealer's warranty (if any)—(period, terms etc.).

Manufacturer's warranty (balance, if applicable, and subject to confirmation and any fee charged for transfer of such warranty).

Work to be done before delivery.

Terms of payment (including interest rate and total cost).

Dealer's price.

Trade-in allowance.

Cost of transferring licence.

Amount of provincial sales tax.



## TIPS ON RUST INHIBITION

It is estimated that six out of every 10 new car buyers in southern and central Ontario have some form of rust inhibiting compound applied to their new vehicles before or soon after taking delivery. Undoubtedly, these people expect that buying this special service will guarantee a longer rust-free life for their cars.

However, an increasing number of complaints received by government agencies from purchasers of rust protection indicate that many of them are dissatisfied and disappointed.

This section offers some practical suggestions on rust inhibition.



## **“What is rust protection?”**

Rust protecting a vehicle involves the application of rust-inhibiting solutions and compounds to metal underside and interior surfaces.

Although the term “rustproofing” is widely used to describe this process, there is no known substance or technique that can stop rust from developing over a period of years. For this reason, the Ontario government has advised all companies offering this service to use the more meaningful term “rust-inhibiting.”

## **“Is rust protection necessary?”**

The winter climate in many parts of Ontario provides an ideal environment for the formation of rust and corrosion on automobiles. A combination of damp, cool winters, with temperatures hovering around the freezing mark, combined with icy roads and the application of salt, can create serious rust damage that may prematurely end the useful life of a car.

Some operators of large truck fleets believe that rust-inhibiting, when the job is properly done, extends the rust-free life of vehicles and reduces the cost of body repairs.

However, this protection may not be necessary for every new car buyer. Residents of northern Ontario, where the intense dry cold of winter does not allow condensation to develop on interior metal panels and where salt is not generally applied to the roads, may find that rust is not a serious problem.

In addition, commercial rust-inhibiting processes are not designed to protect exterior painted or chrome surfaces of a vehicle. If your main concern is rusting of these parts of your car, the application of such a compound will not relieve you from having to undertake normal maintenance procedures such as regular washing and waxing and the application of touch-up paint to areas damaged by stones or accidents.

However, proper commercial rust protection may guard your vehicle from the ravages of internal rust and corrosion. In conjunction with recommended maintenance of exterior finishes, this may add years to the effective life of your car or truck.

If, based on the above, you think that rust-inhibiting treatment is a worthwhile investment, there are a few tips to help you get the best value for your money.

## **Choose the company you deal with carefully.**

A rust protection warranty won't be much good if the company has gone out of business when you make a claim.

An established company has a reputation to protect. After you have shopped around to compare prices, call your local Better Business Bureau to find out the past history of the company, how long it has been in business and whether the BBB has any information that may assist you. The Ontario Ministry of Consumer and Commercial Relations may also have valuable information available about the “pros and cons” of a particular service.

If possible, visit the company to inspect a car that has just been treated. If the job looks bad or incomplete, or if the general condition of the premises suggest an inefficient operation, you might be wise to take your business elsewhere.



### **Check the warranty.**

The warranty the consumer receives from the company may be the most important part of the transaction. It should always be in writing. Read the terms of the warranty very carefully.

The amount of real protection provided differs widely and you should not be misled by inflated claims such as "10 years" or "lifetime" guarantees. These are almost always restricted to the first owner or the person who paid for the original application.

Oral promises that are not spelled out or covered in the written warranty may be difficult to enforce. You should exercise care to ensure that any verbal promise made is added to the service agreement or warranty.

Be wary of conditions and stipulations in the written warranty that will be difficult for you to fulfill but may invalidate the document if they are not observed.

Read the warranty thoroughly before the work begins. If there are clauses you don't understand, ask for an explanation. If you don't receive one, you are probably better off taking your business elsewhere.

Remember, a reputable firm welcomes and respects a customer who asks tough questions. Only those with something to hide will try to evade questions or give superficial answers.

Here is a checklist of points to consider when examining a rust protection warranty:

### **1. "Does it provide for repair of any rust damage that occurs during the terms of the warranty?"**

Some warranties only cover the cost of repairs up to the amount you paid for the service. Others refund the original price if serious rusting occurs. Neither of these will provide much comfort if you face a repair bill for premature rust damage of hundreds of dollars.

### **2. Does the warranty specify which areas of the vehicle will be protected?"**

In the past, some firms have avoided responsibility for rust damage by alleging that the compound was not applied to the area where the rust occurred. In effect, they are penalizing the customer because their workmen did an incomplete or negligent job! Make sure all the pertinent areas of the car are protected and that these are listed in writing or, even better, shown on the printed diagram on the reverse of the warranty form.

### **3. "What must the buyer do to maintain the warranty in good standing? How much will it cost to fulfill these conditions?"**

Almost all rust protection warranties require the owner to return the vehicle for inspection within a time specified on the warranty document. This is required so that the company that supplied the compound may check for any problems such as premature rusting or damage to the coating by way of a collision.

Before having the service performed, enquire whether there is any charge for this inspection. Read the warranty carefully to determine whether this is clearly stated.

Don't accept vague promises about the work costing "only a few dollars." Make sure the actual cost appears on the service order and the warranty to avoid an unwelcome surprise.



#### 4. "Can I get a rust protection warranty from a car dealer?"

Ontario automobile dealers participating in the new rust protection warranty will guarantee the vehicle for five years or 50,000 miles if the rust protection is purchased from them. The warranty guarantees that the underbody, frame and all enclosed parts of the vehicle have been treated correctly. The vehicle must be brought in for annual checkups if the warranty is to remain valid; this gives the dealer the opportunity to ensure that the inhibiting compound was applied properly. It is the dealers' responsibility to repair or replace any rust damage—even if the value of the repair exceeds the cost of the original rust protection job.

Under the warranty, dealers also assume responsibility if the inhibiting compound used was supplied by an outside agency or if they referred the customer to an independent rust protection company and received remuneration. Check to make sure the dealer is offering the rust protection warranty before you buy the car.

#### Other points to consider

Try to schedule the application of the rust-inhibitor so that you are able to air out the car after the job is done. Some rust-inhibiting compounds give off unpleasant fumes that can only be dispelled by airing out the vehicle for several hours on a dry day.

The cost of having rust-inhibiting compounds reapplied after an accident may be covered by your automobile insurance policy. Check this with your insurance agent. In any event, have it done promptly to keep your warranty valid.

#### If you have a complaint

Try to settle your complaint directly with the company that applied the compound. If you followed the above recommendations, you will probably be dealing with a company that will live up to its warranty commitments.

However, if that approach fails, contact the Ontario Ministry of Consumer and Commercial Relations, Motor Vehicle Dealers Branch and inform your local Better Business Bureau of the complaint.



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